



Health Services
LOS ANGELES COUNTY

**Los Angeles County
Board of Supervisors**

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First District

Mark Ridley-Thomas
Second District

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Third District

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December 17, 2012

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Mitchell H. Katz, M.D. 
Director

**SUBJECT: NOTIFICATION OF DEPARTMENT OF HEALTH
SERVICES' USE OF DELEGATED AUTHORITY
TO AMEND THE PREVENTIVE MAINTENANCE AND
REPAIR SERVICES AGREEMENT WITH ALOKA
COMPANY, LTD.**

This is to advise the Board that the Department of Health Services has exercised its delegated authority, approved on June 12, 2007 (attached), which allowed the Director of Health Services, or his authorized designee, to execute an amendment to Preventive Maintenance and Repair Services Agreement No. H-700828 with Aloka Company, Ltd.

The Amendment provides Los Angeles County's consent for Aloka Company, Ltd., to delegate the duties and assign the rights under Agreement to Hitachi Aloka Medical, Ltd. All other terms, conditions, and restrictions remain unchanged and in full effect. County Counsel and the Chief Executive Office have reviewed and approved execution of the Amendment as to form.

If you have any questions or require additional information, please let me know.

MHK:mm

Attachment

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles
County residents through direct
Services at DHS facilities and
through collaboration with
community and community and
University partners.*

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ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

May 18, 2006

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JUN 07 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

APPROVAL OF EQUIPMENT MAINTENANCE AND
REPAIR SERVICES AGREEMENTS AND AMENDMENTS
WITH VARIOUS SERVICE PROVIDERS
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Authorize the Director of Health Services, or his designee, to execute four form Agreements, substantially similar to Exhibit I, with the Original and Non-Original Equipment Manufacturers and at the facilities listed on Attachment A, effective upon Board approval through June 30, 2009 in the amount of \$100,000 annually for Total Repair Express, and effective upon Board approval through June 30, 2011, in the amount of \$205,345, annually for the remaining three vendors, with a combined total five-year maximum obligation of \$826,725, for the provision of equipment maintenance and repair services currently obtained through the purchase order process, and increase the total maximum obligation for each of these Agreements by no more than 40% above the Fiscal Year (FY) 2006-07 maximum obligation to accommodate additional services and equipment at various Department of Health Services (DHS) facilities, for a potential increase of \$330,690 through June 30, 2011.
2. Authorize the Director of Health Services, or his designee to execute an Agreement, substantially similar to Exhibit I, with Beckman-Coulter listed on Attachment B, effective July 1, 2006 through June 30, 2007, for a total maximum obligation of \$37,023, for the provision of equipment maintenance and repair services currently obtained through the purchase order process, and increase the total maximum obligation of the Agreement by no more than 40% above the FY 2006-07 maximum obligation to accommodate additional services and equipment at various DHS facilities, for a potential annual increase of \$14,809. Delegate authority to the Director, or his designee, to execute an amendment to extend the agreement for one year on substantially similar terms at a cost not to exceed 10% more than the FY 2006-07 maximum obligation.
3. Authorize the Director of Health Services, or his designee, to execute eight amendments with the Original Equipment Manufacturers (OEMs) listed on Attachment C, substantially similar to Exhibit II, to extend the term effective July 1, 2006 through June 30, 2011, for the provision of maintenance and repair

services at various DHS facilities, with a combined total maximum obligation of \$672,216 annually, and total five-year maximum obligation of \$3,361,080, and increase the total maximum obligation for each of these Agreements, by no more than 40% above the FY 2006-07 maximum obligation for additional equipment and repair services at various DHS facilities, for a potential increase of \$1,344,432 through June 30, 2011.

4. Authorize the Director of Health Services, or his designee, to execute three amendments with the service providers listed on Attachment D, substantially similar to Exhibit II, to extend the term effective July 1, 2006 through June 30, 2009, for the continued provision of equipment maintenance and repair services at various DHS facilities, with a combined total maximum obligation of \$490,860 annually, and total three-year maximum obligation of \$1,472,580, and increase the total maximum obligation for each of these Agreements by no more than 40% above the FY 2006-07 maximum obligation for additional equipment and repair services at various DHS facilities, for a potential increase of \$589,032 through June 30, 2009.
5. Delegate authority to the Director of Health Services or his designee, to execute Amendment No. 1, an Approval of Delegation of Duties and Assignment of Rights to Agreement No. H-700772, with York International to assign the rights of the Agreement to Johnson Controls, Inc. (JCI), as a result of the acquisition of York International by JCI, following review and approval by County Counsel.
6. Delegate authority to the Director of Health Services or his designee, to execute new standard form Agreements, substantially similar to Exhibit I, for future purchase order (PO) conversions for equipment for a one-year term not to exceed \$100,000 per Agreement to ensure critical equipment maintenance and repair services can be provided at DHS facilities.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

Board approval of these actions will enable DHS to continue uninterrupted, mission-critical medical and facility support services by entering into new Agreements with the vendors listed in Attachments A and B whose services are currently under warranty or obtained through the purchase order process.

The Agreements in Attachments A and B, with the exception of Total Repair Express, are sole source Agreements since they are the OEM. OEMs ensure that the equipment, which often uses proprietary technology, performs in accordance with the specification and complies with all accrediting and licensing agencies' requirements including JCAHO.

The Agreements with the Contractors identified in Attachments C and D will expire on June 30, 2006. Board approval will enable DHS to extend the Agreements for the continued provision of equipment maintenance and repair services. Such services include, but are not limited to, maintenance and repair of patient diagnostic equipment and various energy equipment/systems.

Implementation Of Strategic Plan Goals

The proposed recommendation supports the Department's Strategic Plan proposal for flexibility involving administration of contracts and is consistent with the requirements of the Chief Administrative Office.

FISCAL IMPACT/FINANCING:

The total funding for the continuation of services under these Agreements and Amendments is \$5,697,408 and the potential increase under delegated authority is \$2,278,963.

Funding is included in the FY 2006-07 Proposed Budget and will be requested in future fiscal years.

The current and proposed annual maximum obligations for each DHS facility by Agreement and Amendment are identified on Attachments A, B, C and D. Any increase implemented under delegated authority will be funded within existing resources.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS:

Recommendation Nos. 1, 2 and 6

A variety of services are provided through the purchase order process at all DHS facilities. The vendors identified in Attachment A are the OEMs and provide critical equipment maintenance and repair services. The POs for these services have reached the limit of the Purchasing Agent's statutory authority and accordingly require Board approval. DHS attempts to procure medical equipment maintenance and repair services from the OEM, whenever possible, to ensure that such equipment performs in accordance with the manufacturer's performance standards and that preventive maintenance services comply with all accrediting and reviewing agencies' requirements. DHS is seeking Board approval to enter into new agreements for such services, effective upon date of Board approval through June 30, 2011.

Applicable provisions of State statute and County Charter give the Purchasing Agent the exclusive authority and responsibility to purchase all furnishings, materials, supplies, fixtures, equipment, and all other personal property required by County departments. Concurrently, the Purchasing Agent's authority includes engaging independent contractors for services up to \$100,000. Unless services are required on an as-needed or emergency basis, the procurement of services under a PO is usually obtained through a bid solicitation process.

DHS is seeking Board approval to enter into a new agreement with Beckman Coulter for equipment maintenance and repair services, effective July 1, 2006 through June 30, 2007. While Beckman Coulter is an OEM, they require prepayment of the annual maintenance cost to enter into a multi-year agreement. Since the County's standard payment provisions are in arrears, Beckman Coulter would only agree to a one-year term. Delegated authority is being sought to extend the agreement with Beckman Coulter on substantially similar terms at a cost no greater than 10% more than the FY 2006-07 maximum obligation through June 30, 2008.

Since POs can reach the statutory limit sooner than anticipated due to unexpected increased use by one or more facilities, DHS is requesting delegated authority to enter into new Agreements for one year terms upon the expiration of the POs to avoid a break in services critical to the operation of the facilities.

Recommendation Nos. 3 and 4

On June 29, 2004, the Board delegated authority to the Director of Health Services to execute, upon review and approval of County Counsel, 21 new form agreements, with the various services providers who were formerly providing services through the PO process.

On February 15, 2005, the Board delegated authority to the Director to: 1) amend 12 equipment maintenance Agreements to add/remove equipment, as necessary, for maintenance and repair services at DHS facilities; and 2) to increase the total maximum obligation for these Agreements, in the aggregate, in any fiscal year through June 30, 2006 by no more than 20% above the FY 2004-05 maximum obligation to accommodate any added equipment.

The Amendments with the providers identified on Attachments C and D will become effective July 1, 2006 through June 30, 2011 or June 30, 2009, respectively.

Under the delegation and assignment provisions of Agreement No. H-700772, the County's consent is required for a transfer of ownership. On December 9, 2005, JCI completed its acquisition of York International Corporation (York). The documentation provided by York and JCI will be reviewed by County Counsel prior to execution of the Amendment.

These form Agreements and Amendments include the most recent Board-mandated provisions, including the "Contractor Responsibility and Debarment" paragraph. County may terminate the Agreements with a 30-day prior written notice.

The Department has determined that these are not Proposition A agreements because the services are provided on a part-time or intermittent basis, and therefore, provisions of the County's Living Wage Program do not apply.

The administration of each facility covered under the service agreements will monitor the contractor's performance and assure compliance with the terms and conditions of such agreements.

Attachments A through D provide additional information; Attachment E provides a list of names and addresses of the vendors.

County Counsel has reviewed and approved Exhibits I and II, as to form.

CONTRACTING PROCESS:

DHS contracts with equipment maintenance and repair services providers for many types of equipment categories, including Anesthesia Units, Boilers, Cardiology, Chillers, Laboratory, Radiology, Sterilizers, Ultrasound, Ventilators, etc.

Since the contractors identified on Attachments A, B and C are OEMs, DHS is recommending sole source Agreements and Amendments, based on the justification provided above. Prior to the expiration of the Agreements identified in Attachment D, DHS will evaluate the need for these highly technical services to ensure that the functioning of the medical equipment is not compromised, and if appropriate, conduct a solicitation process.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of these actions will allow DHS to continue mission critical medical and facility support services without interruption.

The Honorable Board of Supervisors
May 18, 2006
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When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:is
Equipment Mktg. av. xpd

Attachments (8)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

PREVENTIVE MAINTENANCE AND REPAIR SERVICES AGREEMENT

Amendment No. 3

This Amendment is made and entered into this 20 day of Nov, 2012

by and between the

COUNTY OF LOS ANGELES
(hereafter "County"),

and

ALOKA COMPANY, LTD.
(hereafter "Assignor")

and

HITACHI ALOKA MEDICAL, LTD.
(hereafter "Assignee")

WHEREAS, on June 29, 2004, the County and Aloka Company, Ltd. entered into a "PREVENTIVE MAINTENANCE AND REPAIR SERVICES AGREEMENT", further identified as County Agreement No. H-700828 and any amendments thereto (all hereafter referred to as "Agreement"); and

WHEREAS, on April 1, 2011, Aloka Company, Ltd. ("Assignor") changed its name to Hitachi Aloka Medical, Ltd. ("Assignee") after becoming a 100% subsidiary of Hitachi Medical Corporation; and

WHEREAS, STANDARD PROVISIONS Paragraph 19, PROHIBITION AGAINST ASSIGNMENT AND DELEGATION, prohibits Assignor from delegating its responsibilities or assigning its rights thereunder without prior written consent of County and that is memorialized in an amendment to the Agreement; and

WHEREAS, Hitachi Aloka Medical, Ltd. agrees to subsume all the past, present and future duties and responsibilities under the Agreement previously held by Aloka Company Ltd; and,

WHEREAS, it is the intent of the parties hereto, to delegate the duties and assign the rights under Agreement, from Assignor to Assignee.

NOW THEREFORE, the parties hereto agree as follows:

1. This Amendment shall commence and be effective upon execution.
2. All rights and responsibilities under Agreement have been assigned and delegated by Assignor to Assignee.
3. County hereby consents to such assignment and delegation.
4. Assignor and Assignee have heretofore separately prorated between themselves, to the extent necessary, any monthly payment due and paid under this Agreement prior to the execution of this Amendment.
5. That wherever the Agreement refers to Aloka Company, Ltd it shall now become Hitachi Aloka Medical, Ltd., unless otherwise stated.
6. Effective April 1, 2011, the purpose of this Agreement shall be interpreted according to the following statement of purpose: It is intended to effectuate and implement that Aloka Company Ltd. was acquired and has become a subsidiary of Hitachi Medical Corporation. As part of this transition Aloka Company Ltd. has changed its name to Hitachi Aloka Medical Ltd.. County consents to this change with the understanding, as set forth herein, that the quantity and quality of services previously provided by Aloka Company Ltd will not be diminished and that Hitachi Aloka Medical Ltd shall be fiscally responsible for all of Aloka Company Ltd obligations under this

Agreement, past, present, and future. In particular, and without any way limiting the scope of the financial obligations assumed, Hitachi Aloka Medical Ltd. understands and agrees (1) that it will be entirely responsible for any and all audit exceptions applied at any time against the previous entity, Aloka Company Ltd., through any of its agreements or contracts with the County or any Department thereof, whether assessed by Federal, State or County audit(s); and (2) that these audit exceptions may arise and become payable after the effective date of the merger and the cessation of existence of Aloka Company Ltd; and (3) Hitachi Aloka Medical Ltd. agrees to abide by, and be subject to, all terms and conditions under this Agreement, including but not limited to terms regarding review and dispute resolution procedures.

7. Except as provided in this Amendment, all terms and conditions of Agreement shall remain in full force and effect.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services and Contractor has caused this Amendment to be executed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By: 
Mitchell H. Katz, M.D.
Director of Health Services

ALOKA COMPANY, LTD.
Assignor

By: 
Signature

MATTHEW OBLON
Printed Name

Director of Service
Title

HITACHI ALOKA MEDICAL, LTD.

By: 
Signature

MATTHEW OBLON
Printed Name

Director of Service
Title

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL